

**MINUTES
OF
THE DISTRICT OF COLUMBIA TAXICAB
COMMISSION**

**FULL COMMISSION MEETING
WEDNESDAY, JULY 25, 2007
The ARC Theater
1901 Mississippi Avenue, SE, Washington, D.C.,**

COMMISSIONERS PRESENT:

LEON SWAIN, Chairman
TERESA TRAVIS, Commissioner
THOMAS HEINEMANN, Commissioner
STANLEY TAPSCOTT, Commissioner
WILLIAM HENRY CARTER, Commissioner

DOREEN THOMPSON, General Counsel and Secretary

OFFICE OF TAX AND REVENUE:

WILLIAM BOWIE, Assistant General Counsel
ANGELA JONES, Customer Service
Operations Manager
LATOYA BOYD, Customer Service Specialist

DEPARTMENT OF MOTOR VEHICLES:

JAMES EDWARDS, Service Center Manager
KENNETH EDMONSON, Vehicle Services
Administrator

COUNCIL OF THE DISTRICT OF COLUMBIA:

DAVID VACCA, Legislative Analyst,
Committee on Public Works and the Environment

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MINUTES

A. INTRODUCTION AND QUORUM DETERMINATION

The meeting began at 10:21am. **Chairperson Leon Swain** introduced himself and indicated that the meeting would focus on questions the public might have for the Office of Tax & Revenue, the Department of Motor Vehicles, the Commission and Council staff on the implementation of the recently-enacted emergency legislation permitting non-DC residents to register a taxicab or limousine in the District of Columbia (Non-Resident Taxi Drivers Registration Amendment Act of 2007). **Doreen Thompson, Secretary and General Counsel** determined that there was a quorum for the purpose of any vote items.

B. MAY MINUTES AND CHANGES TO LOITERING LEGISLATION

Doreen Thompson, Secretary and General Counsel identified two issues which could be addressed if the Commissioners were ready to take action on them. One item was the vote on the May 2007 Commission meeting Minutes. After a determination that the Commissioners had not received the Minutes, the item was tabled. The second issue was a request that the Commission consider giving the authorization to begin the process of developing legislation which would modify current legislation which makes loitering by public vehicles for a hire a felony and replace it with language which would make loitering subject to a civil fine only. Commissioner Heinemann indicated an un-readiness and this item was also tabled.

C. PRESENTATION BY THE OFFICE OF TAX & REVENUE

Ms. Angela Jones, Customer Service Operations Manager, Office of Tax & Revenue, indicated that the Tax Registration Application, the FR-500, is to be completed by all taxicab or limousine owners and drivers who operate in the District of Columbia in addition to the FR-500-T, the Taxicab and Limousine Supplemental Information Form, which must be completed and submitted with the FR-500.

She further indicated that assuming that the vehicle is authorized to operate in the District of Columbia, the most common scenarios are as follows:

- 1 . The vehicle is owned and operated by a DC resident.

If the limousine or taxicab vehicle is owned and operated by a DC resident, the owner-operator must file a Form D-30, which is the Unincorporated Business Franchise Tax Return and the Form D-40, which is the individual income tax return. If his/her gross income is less than \$12,000, no tax will

1 be owed on the Form D-30, the Unincorporated Individual Franchise tax
2 return.

3
4 2. The vehicle is owned and operated by a non-DC resident.

5
6 If the taxicab or limousine vehicle is owned and operated by a non-resident
7 of the District of Columbia, the owner-operator must file a Form D-30, the
8 Unincorporated Business Franchise Tax Return, with the District and file an
9 individual income tax return in his/her state of residency. As to the Form D-
10 30, if his/her gross income is less than \$12,000, no tax is owed.

11
12 3. The limousine vehicle is owned by non-DC business and leased
13 by a DC resident.

14
15 If a limousine vehicle is owned by a non-DC business and it is leased to a
16 DC resident, the driver/operator of the leased vehicle must complete the
17 Form D-30, the Unincorporated Franchise Business Tax Return, and also
18 file the Form D-40 in the District.

19
20 As to the owner who is leasing the vehicle and is a non-District business,
21 the owner must file a business franchise tax return with the District (either
22 the Form D-20, the Corporate Franchise Tax Return, or a Form D-30, the
23 Unincorporated Business Franchise Tax Return).

24
25 4. The limousine vehicle is owned by a non-DC business and leased
26 to a non-DC resident.

27
28 If the limousine vehicle is owned by a non-DC business and it is leased to a
29 non-DC resident, the driver must submit a Form D-30, the Unincorporated
30 Business Franchise Tax Return, with the District, and then file an individual
31 income tax return in the state in which he/she resides.

32
33 As to the owner who is leasing the vehicle and is a non-DC business, the
34 owner must file a business franchise tax return with the District (either the
35 a Form D-20, the Corporate Franchise Tax Return, or a Form D-30, the
36 Unincorporated Business Franchise Tax Return).

37
38 5. The vehicle is owned by a DC business and leased to a non-DC
39 resident.

40
41 If the taxicab or limousine is owned by a DC business and it is leased to a
42 non-DC resident, the driver/operator must submit a Form D-30, the
43 Unincorporated Business Franchise tax return with the District, and then
44 file an individual income tax return in the state in which he/she resides.

45
46 The owner who is actually leasing the vehicle he/she must file a business
47 franchise tax return with the District (either a Form D-20, the Corporate
48 Franchise Tax Return, or a Form D-30, the Unincorporated Business

Franchise Tax Return).

- 6 . The vehicle is owned and operated by two or more individuals who gross less than \$12,000 in income.

In addition to any applicable scenarios listed in items 1-5 above, if the taxicab or limousine vehicle is owned and operated by two or more individuals who gross less than \$12,000 dollars in annual income, they must submit a partnership return by filing a Form D-65 with the District of Columbia.

- 7 . The vehicle is owned and operated by two or more individuals who gross more than \$12,000 in income.

In addition to any applicable scenarios listed in items 1-5 above, if the taxicab or limousine vehicle is owned by two or more individuals who gross more than \$12,000 in income, then that partnership must file a Form D-30, Unincorporated Business Franchise Tax Return, instead of the Form D-65.

- 8 . The vehicle is owned by the DC business and the driver is an employee-resident of the District of Columbia.

If the vehicle is owned by a DC business and the driver is an employee who resides in the District of Columbia, the driver must file an individual income tax return with the District of Columbia. The owner of the company must file either a Form D-20, Corporate Franchise Tax Return, or a Form D-30, the Unincorporated Business Franchise Tax Return with the District of Columbia. The owner of the company must also submit to the District of Columbia, a Form FR-900M or Form FR-900A, employer withholding tax returns for the employee who is a resident of the District of Columbia. At the end of the year, the employer must do a reconciliation on that employee's withholding, which is the Form FR-900B. The owner of the company would file the actual withholding tax returns throughout the year. The reconciliation is done at the end of the year and the beginning of the next year.

- 9 . The vehicle could be owned by a DC business and the driver is an employee and a non-resident of the District of Columbia.

If the vehicle is owned by a DC business and the driver is an employee and a non-DC resident, then the employee must file individual income tax return with his/her state of residence. The owner of the company must file either a Form D-20, a Corporate Franchise Tax Return, or a Form D-30, Unincorporated Business Franchise Tax Return with the District.

If the vehicle is owned by a DC business and the employee driver is a non-DC resident employee, the owner of the company would not submit

1 withholding taxes for that individual to the District of Columbia. These
2 would be submitted to the state in which the employee/driver resides.

3
4 10 . The vehicle could be owned by a non-D.C. business
5 doing business in the District with employees.
6

7 If the vehicle is owned by non-DC businesses doing business in the District
8 with employees, the business must report business income from DC
9 operations, using the proportionate factor on the return. The employees
10 must file individual income tax returns in the state of their residence. The
11 owner of the company must file a Form D-20, Corporate Franchise Tax
12 Return or a Form D-30, Unincorporated Business Franchise Tax Return
13 with the District of Columbia. The employer must submit the employee
14 withholding for any DC resident employees, which can be filed monthly or
15 semi-annually. They can file a reconciliation at the end of the year using a
16 Form FR-900B and issue the W-2s for the employee at the end of the year
17 with the reconciliation return.

18
19
20 **D. Public Participants' Questions and Answers:**

21
22 The following are questions raised by public participants followed by the
23 responses to these questions:

24
25 1. Why are forms in effect if the Non-Resident Taxi Drivers
26 Registration Legislation is temporary legislation?
27

28 **David Vacca, Legislative Analyst, Committee on Public Works and**
29 **the Environment, Council of the District of Columbia,** responded that
30 while the Council felt that drivers should be allowed to upgrade their
31 vehicles, it required the Council to act fairly quickly. The Council,
32 however, wanted to get emergency legislation into place so that drivers
33 could continue to register their vehicles and then the Council would pass a
34 permanent version once all the kinks were worked out.

35
36
37
38 2. Were all the new companies approved by the Commission in the
39 last two-years not formulated to address the limitation on non-
40 residents who wanted to bring on new vehicles?
41

42 **Doreen Thompson, Secretary and General Counsel** responded by
43 indicating that in March 2006, when the Department of Motor Vehicles
44 (DMV) began to enforce the legislation prohibiting the agency from
45 registering non-resident owned vehicles, it impacted out-of-state owners of
46 public vehicles-for-hire. DMV, however, grandfathered those vehicles
47 which were registered with the agency but vehicle owners who resided out-
48 of-state could not bring on a new vehicle. Accordingly, if someone wanted

1 to bring on a new vehicle, one option would have been to meet the
2 requirement for in-state, and one way to meet the in-state requirement
3 would be that if you were a District-based company, the vehicle could be
4 registered in the company's name.

5
6 In further response to the question, she stated that all the new companies
7 which were granted operating authority since March 2006 do not have all
8 their vehicles registered in the companies' names. Some companies are
9 primarily made up of owner/operators who have associated to form new
10 company---in other words, people moving from other companies but not
11 necessarily putting on a new vehicle.

- 12
13 3. How is the Commission addressing the transfer back to it of
14 the following: responsibility for the issuance of the DCTC
15 operating certificate, adjudication services for tickets written by
16 hack inspectors, and inspection of taxicabs?
17

18 **Chairman Swain** responded that the Commission has recently met with
19 Lucinda Babers, Director of the Department of Motor Vehicles and will be
20 meeting with her again on this issue, and that while these responsibilities
21 came back to the DCTC, they came back without any funding to do those
22 jobs. He indicated that the Commission is working with Ms. Babers to
23 address the logistics on how this will be handled going forward and has also
24 been discussing this with Councilman Graham's office.

- 25
26 4. Does the new DCTC license application form require individual
27 owner-operators to form a separate business?
28

29 **Doreen Thompson, Secretary and General Counsel**, responded that the
30 DCTC application does not require an individual owner operator to
31 incorporate or form a separate business. The Office of Tax and Revenue
32 Forms which are required to be submitted with the DCTC Application form
33 is only saying you need to register with OTC if you are doing business in
34 the District of Columbia. She further indicated that what the emergency
35 legislation has done is laid out a process. However there is no new
36 requirement in place, in terms of the DCTC operating authority.

- 37
38
39 5. Will there be a document or specific license which we will
40 represent the DCTC license – In the past there was a separate card
41 but when this function was transferred to DMV, that agency only
42 issued a DCTC number on the vehicle registration cards?
43

44 **Doreen Thompson, Secretary and General Counsel**, responded that at
45 this point, there is no change; it is the same issuance. There has been
46 some concern raised by the Commission's hack inspectors as well, that
47 there needs to be a separate license, and this was part of the discussion that
48 the Commission has had with Ms. Lucinda Babers and her staff. In other

1 words, there may be a need for a specific license or document which can be
2 readily identified as the DCTC.

- 3
4
5 6. What forms does a self-employed owner/operator who does not live
6 in the District have to file? What does gross income refer to?
7

8 **Angela Jones, Customer Service Operations Manager, Office of Tax**
9 **& Revenue**, responded that if you are an owner/operator with no
10 employees who operates in the District of Columbia and resides in the
11 District of Columbia, you are responsible for the Form D-30,
12 Unincorporated Franchise Business Tax Return. She added that if your
13 gross income is less than \$12,000 dollars, which is before expenses, then
14 you would not owe any taxes. If your gross income is greater than \$12,000
15 dollars of course, you would have to figure out what you would actually
16 owe in taxes, and you would also be responsible for the individual income
17 tax return.
18

19 Ms. Jones also reminded the participant that there is a provision for
20 business expenses---so that you are not double taxed on the same monies.
21 She also added that if you live outside of the District of Columbia and you
22 do not have any employees, then you would have to file the Form D-30
23 only and submit your individual income tax return to the state in which you
24 reside.
25

- 26 7. When does the emergency legislation expire, when does the temporary
27 expire and are there plans for permanent legislation?
28

29 **William Bowie, Assistant General Counsel, Office of Tax & Revenue**
30 responded that the legislation is currently both in the emergency and
31 temporary form. The temporary will last longer than the emergency; the
32 latter which will expire this fall. He further indicated that we definitely
33 plan to get permanent legislation in place. The only reason we have not
34 done so as yet is we want to see how the process is working so far. He also
35 indicated that you have to file by September 28, 2007 to get in under the
36 emergency.
37

- 38 8. Do you need to provide any additional proof that you owned a taxicab
39 vehicle registered in the District on March 1, 2006 other than what the
40 Department of Motor Vehicles has in its records?
41

42 **James Edwards, Service Center Manager, Department of Motor**
43 **Vehicles** responded indicating that the Department would have the
44 records.
45

- 46 9. Does the District have authority under its Home Rule Charter to
47 impose a tax on a non-District based businesses operating in the

District of Columbia? Did the District recently lose a case on this issue?

William Bowie, Assistant General Counsel, Office of Tax & Revenue responded that the District recently won the case on appeal, indicating that the decision and ruling is on OTR's website at www.cfo.dc.gov.

10. Is there a fee associated with obtaining a DCTC license to operate in the District of Columbia?

Kenneth Edmonson, Vehicle Services Administrator, Department of Motor Vehicles responded that an applicant for a DCTC will continue to obtain the DCTC through the DMV at this point until there is some agreement on managing the transfer to the Commission, and that currently there is a charge for the DCTC when the vehicle is registered at DMV.

11. What is a Form D-30 and what type of revenue does it capture?

William Bowie, Assistant General Counsel, Office of Tax & Revenue responded that whether you are required to file a Form D-30 will depend on how you are set up. If you are set up as a corporation, you would file a Form D-20 return; if you are not set up as a corporation, you are likely unincorporated and would file a Form D-30 return. The tax is computed based on your gross income that earned that is over \$12,000.

12. Will non-DC resident public vehicle operators be taxed twice, once in their resident state and also in DC?

William Bowie, Assistant General Counsel, Office of Tax & Revenue responded that it is your business income that is earned in the District is being taxed here. As to whatever you are filing for your personal income in the state in which you live you have to pay tax on that.

13. Will District residents, who own and operate their own vehicle, have to do anything different?

William Bowie, Assistant General Counsel, Office of Tax & Revenue responded that if you have been filing a Form D-30 return, and you have been filing your Form D-40 Income Tax Return, then you would not have to do anything different than you have done before.

14. What would an incorporated business renting vehicles both to District and non-District residents have to do to comply with the legislation?

William Bowie, Assistant General Counsel, Office of Tax & Revenue

responded indicating that if it is a corporation, then it would file the D-20 return. **Angela Jones, Customer Service Operations Manager, Office of Tax & Revenue**, added that for the individuals outside the District to whom the business is leasing vehicles, the business would just have to separate the income into what was earned in the District of Columbia and what was earned in any other state.

15. Several non-resident DC drivers who went down to the Department of Motor Vehicles have reported that when they tried to change their equipment they were told that they could not do that--is that still going on or are they now being allowed to upgrade their equipment?

James Edwards, Service Center Manager, Department of Motor Vehicles responded that there are a few things that the Department checks for as to non-residents. For example, if they are an owner-operator, they have to have had a hack license on March 1st 2006 and they have to have a current hack license. They had to have a vehicle registered in D.C. on March 1st, 2006. And if they meet those qualifications then they can transfer a tag to a new vehicle. If someone meets all these requirements, they should be able to change equipment.

16. If an individual feels he/she meets the requirements, but according to the DMV records he/she does not, what would you require the individual to present--- what would be acceptable---an old DCTC card, an old registration, a motor vehicle title, insurance receipt?

James Edwards, Service Center Manager, Department of Motor Vehicles responded indicating that he could not say specifically what would need to be presented. He added, however, that if the individual made a compelling case that they met the requirements but for some reason it did not show up in DMV's system, DMV staff would sit down with that person and go over those things on a case-by-case basis and would try to work it out for them.

Kenneth Edmonson, Vehicle Services Administrator, Department of Motor Vehicles responded that for example, an individual who came to DMV a month ago, who had a registration card from 2006, had not had a car operating in the District for the past eight months but he was able to provide DMV with an old registration card. DMV accepted that and he got his registration. He added that anything that would give DMV supportive documentation that this person, in effect, did have a valid registration as of March 1st, 2006, would be acceptable.

Doreen Thompson, Secretary and General Counsel added that as to whether an individual had a valid hack license on March 1, 2006, the Commission has tried to reduce applicants having to go to two locations by

1 getting information on hack licenses to DMV where the application for the
2 DCTC is being made. She added that if there is an issue, the Commission
3 would resolve it.
4
5

6 **17. Are you required to pay \$100 tax fee when you file the Form D-30?**
7

8 **Angela Jones, Customer Service Operations Manager, Office of Tax**
9 **& Revenue**, responded that as to the Form D-30, the Unincorporated
10 Franchise Tax Return, if your gross income is less than \$12,000, the tax is
11 zero. There is no fee. The Form D-20, which is the Corporate Franchise
12 Tax Return, has a \$100 dollar limit. It is always \$100 dollars at least, which
13 means if your gross receipts is \$12,001 dollar, you have a minimum of 100
14 dollars to pay, regardless.
15

16 **18. Is the DCTC license a business license? So why should I have to**
17 **fill out another application for the business license if I already**
18 **have it?**
19
20

21 **William Bowie, Assistant General Counsel, Office of Tax & Revenue**
22 responded that the DCTC license is a separate issue as opposed to paying
23 taxes on business income earned in the District, when you are filing Forms
24 D-30 or the D-20 returns. **Doreen Thompson, Secretary and General**
25 **Counsel** also added that the Commission has a business license
26 authorization process, separate from the DCTC vehicle license, with which
27 companies and associations must comply.
28

I

29 **19. Should the FR-500 Instructions be corrected as it applies to every**
30 **driver, including persons who may be employees?**
31

32 **Doreen Thompson, Secretary and General Counsel** responded that in the
33 limousine business, in particular, there are employees who would not need
34 to fill out the Form 500T and that this had been brought to OTR's attention.
35 **William Bowie, Assistant General Counsel, Office of Tax & Revenue**
36 added that OTR will clarify this form.
37
38

39 **20. Is taxing income earned by taxicab drivers not considered a**
40 **commuter tax?**
41

42 **William Bowie, Assistant General Counsel, Office of Tax & Revenue**
43 indicated that the recent case says that if you are a non-resident and you are
44 doing business here, you are required to file a tax return.
45

46 **21. Will there be taxicabs with Maryland and Virginia tags authorized**
47 **by the District to operate in the District?**
48

1 **Kenneth Edmonson, Vehicle Services Administrator, Department of**
2 **Motor Vehicles** responded that there are currently a number of vehicles
3 which fit this scenario. **Commissioner Tapscott** added that there are
4 currently 13 taxicabs which are operating with out-of state tags.
5

6 22. What is the status of pre-licensing examination?
7

8 **Chairman Swain** responded that the test was compromised had to be
9 rewritten. The test right now is in its final stages and the Commission is
10 projecting that it will be offered in the Fall 2007.
11

12
13 23. How can I get a copy of the meter study?
14

15
16 **Chairman Swain** responded that copies are available at the Commission's
17 Offices at 2041 Martin Luther King, Room 204 at the counter
18

19 24. Is the District requiring Maryland and D.C. taxicabs that come into
20 this city to do business to also pay taxes to the District?
21

22 **Chairman Swain** indicated that those which operate illegally in the District
23 are of particular concern and that enforcement will be stepped up. In
24 addition, there is a Task Force consisting of local taxicab regulators which
25 meets at the Council of Governments and the issue of reciprocity in terms
26 of District of Columbia licensed taxicabs access to airports will be raised.
27

28 **E. Adjournment**
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30 The meeting of the D.C. Taxicab Commission was adjourned at 12:09 p.m.
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